

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 0836-02
Bill No.: SB 328
Subject: Manufactured Housing: Regulations
Type: Original
Date: February 11, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$49,175)	(\$10,146)	(\$10,177)
Total Estimated Net Effect on General Revenue Fund	(\$49,175)	(\$10,146)	(\$10,177)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Attorney General** assume they would assist the Missouri Housing Development Commission in developing their pamphlet. Officials assume any cost could be absorbed. Officials assume no fiscal impact.

Officials of the **Office of Secretary of State- Corporations** assume no fiscal impact on their offices.

Officials of the **Department of Natural Resources** assume no fiscal impact.

Officials of the **Department of Economic Development- Missouri Housing Development Commission** stated that the Missouri Attorney General’s Office currently distributes a similar pamphlet entitled “Missouri’s Landlord- Tenant Law”. Officials stated that to print and distribute a pamphlet in mobile home parks within the time frame required would have fiscal impact. Officials stated that according to the 2000 census there are approximately 199,826 mobile homes in the state. Officials do not know the exact number that are housed in mobile home parks. Officials stated that a directory of mobile home parks in Missouri indicates that there are 500 mobile home parks in the state. Officials estimate that in the first year 250,000

ASSUMPTION (continued)

pamphlets would be printed and distributed, and 50,000 each year thereafter. Officials stated that their printer estimated the cost of producing 250,000 pamphlets at \$45,500. Officials estimate in FY 2004 there would be printing costs of \$45,500 and postage costs of \$3,675. In FY 2005 there would be printing costs \$9,373 with postage cost of \$773, and in FY 2006 printing cost are estimated at \$9,381 with postage cost at \$796.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE FUND

<u>Cost</u> to Department of Economic Development- Mo, Housing Commission Printing and distribution cost	<u>(\$49,175)</u>	<u>(\$10,146)</u>	<u>(\$10,177)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that own and operate mobile home parks could experience some fiscal impact.

DESCRIPTION

This act governs the legal rights and remedies of mobile home leases and mobile home lots containing five or more mobile homes.

1. LENGTH OF LEASES - Under the act, mobile home park owners are required to offer each tenant a written lease for a term of not less than 12 months.

RENEWAL OF LEASE - Every lease of a mobile home or mobile home lot shall contain an option which automatically renews the lease unless:

1. The tenant provides 30 day notice that he does not desire to renew the lease; 2. The park owner provides the tenant 120 days notice that the lease will not be renewed due to specific reasons; or

DESCRIPTION (continued)

3. The park owner elects to cease operation of the mobile home park. If the park owner is ceasing operations of the park, the tenant shall be entitled to a minimum of 12 months notice.

TERMS OF FEES AND RENTS - The terms for payment of rent and fees shall be specifically itemized in the lease. Rent charged by a park owner may be increased upon the renewal of a lease provided 60 days notice has been provided prior to the expiration of the lease.

MOBILE HOME PARK PROVISIONS - All mobile park leases shall contain covenants which bind the park owner to:

1. Keep the park area free from weeds and plant growth; 2. Maintain all utilities in good working condition; 3. Respect the privacy of tenants; 4. Maintain all roads within the park in good condition; 5. Disclose the names and addresses of all the owners of the park; 6. Provide a custodian's office and furnish each tenant with the name and address of the custodian.

LEASE PROHIBITIONS - No lease shall contain a provision that:

1. Allows the park owner to charge a late fee without allowing the tenant a 5-day grace period; 2. Allows the park owner to charge an amount in excess of one month's rent as a security deposit; 3. Requires the tenant to pay fees not specified in the lease; 4. Allows the park owner to move the mobile home to a different lot.

No lease shall require the tenant to purchase a mobile home from the park owner.

TENANT DUTIES - The act outlines the basic duties of the tenant. For example, the tenant is prohibited from storing inoperable motor vehicles at the mobile park and refrain from storing furniture on the premises.

RULES AND REGULATIONS OF THE PARK - Rules promulgated by the park owner are enforceable only if copies of the rules were delivered to the tenants prior to signing the lease; they apply to all tenants in a fair manner; the rules fairly inform the tenant of what he or she can do or not do; and the rules are not for the purpose of evading the obligation of the park owner.

This act requires the Missouri Housing Development Commission to produce a distribute pamphlets delineating the rights of mobile home landlords and tenants under this act.

STATUTORY GROUNDS FOR EVICTION - Under the act, a park owner may evict a tenant for:

1. Non-payment of rent; 2. Failure to comply with park rules; or 3. Failure to comply with local

DESCRIPTION (continued)

ordinances or other state laws regulating mobile homes.

IMPROPER GROUNDS FOR EVICTION - A tenant shall not be evicted for:

1. Exercising his or her rights under the lease; 2. Complaining to any governmental authority regarding the park owner's alleged violations of any health or safety law, regulation, code or ordinance; or 3. Being a member of a home owners association.

SECURITY DEPOSITS - Mobile home park owners are required to give the tenant an itemized list of damages within 15 days after the expiration of the lease. The park owner's failure to furnish an itemized list shall constitute an agreement that no damages have incurred and that the security deposit is due to the tenant. Park owners owning parks containing 25 or more mobile homes shall pay interest to the tenant on security deposits.

RESTRICTIONS ON GOODS AND SERVICES - Under the act, park owners are prohibited from restricting a tenant's access to goods and services. A park owner cannot require the tenant to purchase gas or fuel from a particular dealer as a condition of the lease unless the owner provides the gas or fuel through a centralized distribution system.

TERMINATION OF LEASE - A tenant may terminate a lease and vacate the premises if the park owner fails, within 30 days, to remedy a condition which deprives the tenant of his or enjoyment of the premises. A park owner may terminate the lease if the tenant fails to pay rent after the owner has provided notice. If a tenant breaches any of the mobile home park rules, the park owner must provide the tenant with specific notice of tenant's breach. If the breach continues after the tenant has received such notice, the park owner may terminate the lease.

REMAINING IN POSSESSION - Tenants who remain in possession of the premises after a lease expires shall pay the park owner a sum, not to exceed two times the previous rent, for each day the tenant remains in possession.

MOBILE HOME SALES - Under the act, park owners cannot restrict a mobile home owner from selling his or her mobile home. The park owner cannot restrict a mobile home owner from securing the services of an independent salesperson when selling his or her home. The park owner is prohibited from imposing a fee on the sale of a mobile home unless the park owner assists the mobile home owner in the sale of such home. If the park owner assists the mobile home owner in the sale of his or her mobile home, the fee shall be set forth in writing prior to the sale and shall be a percentage of the actual sales price of the mobile home.

TENANT MEETINGS - Under this act, tenants may hold tenant meetings at reasonable hours

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DESCRIPTION (continued)

and when facilities are available and shall not be subject to prohibition by the park owner.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State- Corporations
Office of the Attorney General
Department of Economic Development- Missouri Housing Commission
Department of Natural Resources

NOT RESPONDING

None



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Director
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